

CITY OF COUNCIL GROVE

MORRIS COUNTY, KANSAS

INDEPENDENT AUDITORS' REPORT AND
REGULATORY BASIS FINANCIAL STATEMENT
YEAR ENDED DECEMBER 31, 2014

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS 66846

City of Council Grove
Morris County, Kansas

REGULATORY BASIS FINANCIAL STATEMENT
Year Ended December 31, 2014

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1-2
Summary Statement of Receipts, Expenditures, and Unencumbered Cash	3-4
Notes to the Financial Statement	5-13
Regulatory-Required Supplementary Information:	
Schedule 1 - Summary of Expenditures	14
Schedule 2 - Schedule of Receipts and Expenditures	
General Fund	15-18
Special Purpose Funds	
Industrial Development	19
Library	20
Library Benefits	21
Special Highway	22
Special Recreation	23
Employee Benefit	24
Highway Maintenance	25
Diversion	26
Equipment Reserve	27
Computer/Equipment Reserve Fund	28
Capital Improvement Reserve	29
Bond and Interest Fund	30
Capital Projects Fund	31
Business Funds	
Water	32-33
Water Maintenance Reserve	34
Water Bond Reserve	35
Sewer	36
Sewer Reserve	37
Refuse	38
Trust Fund	
Cemetery Endowment	39
Schedule 3 – Agency Funds	40
Schedule 4 – Related Municipal Entity-Public Building Commission	41

Independent Auditors' Report

To the Mayor and City Council
City of Council Grove, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Council Grove, Kansas, a Municipal Financial Reporting Entity, as of and for the year ended December 31, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the City of Council Grove, Kansas prepared this financial statement to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Council Grove, Kansas, as of December 31, 2014, or the changes in its financial position and cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Council Grove, Kansas, as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds, and schedule of regulatory basis receipts and expenditures-actual-related municipal entity (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. In addition, certain prior year actual information has been presented for a comparative analysis and is not a required part of the basic financial statement. This comparative information has been derived from the City's 2013 basic financial statement and, in our report dated June 6, 2014, we expressed an unmodified opinion on the financial statement and respective schedules, taken as a whole, on the regulatory basis of accounting. The 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. All supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 and 2014 basic financial statement. The 2013 and 2014 information has been subjected to the auditing procedures applied in the audit of the 2013 or 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 and 2014 information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Aldrich & Company, LLC

Aldrich & Company LLC
Certified Public Accountants
July 2, 2015

The City of Council Grove
Morris County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2014

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 1,399,334	\$ 2,918,879	\$ 2,860,152	\$ 1,458,061	\$ 351,299	\$ 1,809,360
Special Purpose Funds						
Industrial Development	1,528	15,189	15,189	1,528	364	1,892
Library	7,602	75,952	74,135	9,419	0	9,419
Library Benefits	0	32,799	32,072	727	0	727
Special Highway	109,048	55,302	72,858	91,492	0	91,492
Special Recreation	6,361	5,124	1,295	10,190	0	10,190
Employee Benefits	21,869	12,060	14,173	19,756	0	19,756
Highway Maintenance	70,997	21,540	182,139	(89,602)	0	(89,602)
Diversion	7,490	1,175	1,209	7,456	0	7,456
Equipment Reserve	221,288	112,507	98,940	234,855	6,000	240,855
Computer Tech & Equipment Fund	34,772	5,387	9,475	30,684	0	30,684
Capital Improvement Reserve	333,817	113,664	34,142	413,339	0	413,339
Bond and Interest Fund						
Bond and Interest Fund	6,132	28,627	27,437	7,322	0	7,322
Capital Projects Fund						
Capital Projects	86,007	33,489	47,676	71,820	0	71,820
Business Funds						
Water	538,761	707,244	718,737	527,268	22,412	549,680
Maintenance Reserve	188,842	15,000	13,070	190,772	0	190,772
Water Bond Reserve	88,500	0	0	88,500	0	88,500
Sewer	311,126	231,652	232,671	310,107	4,278	314,385
Sewer Reserve	135,711	20,000	9,350	146,361	0	146,361
Refuse	5,085	143,042	143,454	4,673	12,220	16,893
Trust Fund						
Cemetery Endowment	85,895	3,000	0	88,895	0	88,895
Related Municipal Entity						
Public Building Commission	318,953	140,714	155,872	303,795	0	303,795
Total Reporting Entity(Excluding Agency Funds)	<u>\$ 3,979,118</u>	<u>\$ 4,692,346</u>	<u>\$ 4,744,046</u>	<u>\$ 3,927,418</u>	<u>\$ 396,573</u>	<u>\$ 4,323,991</u>

The accompanying notes are an integral part of this statement.

The City of Council Grove
Morris County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2014

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Total Reporting Entity(Excluding Agency Funds)	<u>\$ 3,979,118</u>	<u>\$ 4,692,346</u>	<u>\$ 4,744,046</u>	<u>\$ 3,927,418</u>	<u>\$ 396,573</u>	<u>\$ 4,323,991</u>

Composition of Cash:

Emprise Checking	\$ 906,517
Farmers & Drovers Money Market	2,165,135
Farmers & Drovers C.D.	1,254,052
Petty cash	200
Less: Agency Funds Schedule 3	(1,913)
	<u>\$ 4,323,991</u>

The accompanying notes are an integral part of this statement.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Council Grove is a governmental entity governed by a six member council and mayor. The City provides the following services: public safety (police and fire), streets, sanitation, water, recreation, public improvements, planning and zoning and general administrative services. The City operates two business activities; water and sewer. In addition, the city also contracts for solid waste collection.

This regulatory basis financial statement presents the City of Council Grove and the Council Grove Public Building Commission (PBC). The Council Grove Public Building Commission, is a related municipal entity of the City of Council Grove, Kansas, and was organized in June 2012 pursuant to K.S.A. 12-1757 et seq., as amended. The Public Building Commission board is comprised of the City Council and Mayor.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

Governmental Funds:

General Fund -- The General Fund is the chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Funds -- Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund -- Bond and Interest Funds are used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund -- Capital Project Funds are used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Funds:

Business Funds -- Business Funds are financed in whole or in part by fees charged to users of the goods or services.

Trust Funds: Trust Funds are used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency Funds: Agency Funds are used to report assets held by the city in a purely custodial capacity.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. There were no such amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds and the following business and special purpose funds: Equipment Reserve Funds, Capital Improvement Reserve, Water Maintenance Reserve, Sewer Reserve, and Water Bond Reserve.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance-Related Legal and Contractual Provisions

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and legal representatives of the municipality.

K.S.A. 79-2935 requires that expenditures be controlled within the City's budgeted authority. The refuse fund exceeded its budget by \$1,455.

K.S.A 10-1113 requires that no indebtedness be created for a fund in excess of available monies in the fund. The highway maintenance fund had a negative balance at December 31, 2014, however, this was due to a project in which the state reimbursing grant of \$118,126 was received in 2015. This is an allowable exception.

Management is not aware of any other items of noncompliance with Kansas statutes or contracts.

NOTE 3 - CASH AND DEPOSITS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under 9-1402 and 9-1405.

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

The City maintains a cash pool that is available for use by all funds. At year-end, the carrying amount of the city's deposits, including certificates of deposit, was \$4,325,704. The bank balance was \$4,343,799. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by FDIC insurance and \$3,843,799 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The third party bank is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the city, the pledging bank, and the independent third party bank holding the pledged securities. The city held no investments at December 31, 2014.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 4 - PROPERTY TAXES

The City certifies its' budget to the county clerk annually. Using this certified budget and those of other political subdivisions within the county, the county clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20 of the same year. The second installment is due May 10 of the subsequent year. The county collects and distributes the property taxes. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the following year's operations. Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the county treasurer at year end and, further, the amounts are not material in relationship to the financial statement taken as a whole.

NOTE 5 - FUND TRANSFERS

The City transferred monies between funds as allowed by applicable Kansas statutes. The following schedule details transfers made in 2014.

Transferred from:	Transferred to:	Statute	Amount
General	Equipment Reserve	12-1,117	\$79,007
General	Capital Improvement	12-1,118	72,180
Water	Equipment Reserve	12-1,117	23,500
Sewer	Equipment Reserve	12-1,117	10,000
Water	Water Reserve	12-825d	15,000
Sewer	Sewer Reserve	12-825d	20,000
Water	Capital Improvement	12-1,118	20,000
Sewer	General	12-825d	8,125
Water	General	12-825d	8,125
Refuse	Computer/Tech & Equip Fund	12-825d	5,387

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description – The City of Council Grove, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 7 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan ("plan") created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until employment termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts shall be held in trust for the exclusive benefit of participants and their beneficiaries. All such amounts shall not be subject to the claims or the employer's general creditors.

NOTE 8 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

The City's policies regarding vacation and sick leave permit employees to accumulate a maximum of 6.16 hours of vacation pay and 3.69 hours of sick pay per pay period. No more than five days of vacation pay may be carried forward to the next anniversary year. Sick pay compensation at retirement is restricted to a maximum of thirty days and only if the employee worked at least ten years and is at least 55 years old. All accumulated vacation pay is payable upon employment termination. A maximum of seventy-five days of sick pay may be accumulated. Unused sick pay is forfeited upon employment termination other than retirement. Compensated absence payments are made from the fund that corresponds to the employees duties.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan until age 65. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 9 - LONG-TERM DEBT

General Obligation Bonds

General obligation bonds, payable from future property tax revenues and special assessments, are serial bonds to be retired through calendar year 2015. At December 31, 2014, the bonds consisted of the following:

Series 2001, Fire Station, due in annual installments ranging from \$10,000 to \$25,000, issued February 1, 2001, carrying interest from 3.9% to 4.9%. Payments were made from the bond and interest fund.

On February 20, 2013, the City's KDHE loan for water system improvements was refinanced with general obligation bonds. These Series 2013 bonds carry interest rates between .4% to 2.75%. Semi-annual interest payments are due starting August 1, 2013. The bonds mature annually starting August 1, 2013 with the last bond

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 9 - LONG-TERM DEBT (CONT)

maturing on August 1, 2025.

On December 12, 2012, the City issued 2012 Series bonds in the amount of \$885,000 for the purpose of making improvements to the water utility system. These Series 2012 bonds carry interest rates between .75% to 3.75%. Semi-annual interest payments are due starting January 1, 2014. The bonds mature annually starting July 1, 2014 with the last bond maturing on July 1, 2033. A local sales tax issue was approved by the citizens allowing for the payment of these bonds and other various uses.

KDOT loan

The City entered into a loan agreement with the Kansas Department of Transportation as of May 12, 2008 for a curb and gutter project on Washington Street. The loan is for \$703,261 and carries an interest rate of 3.99%. The city has dedicated sales tax proceeds from the general fund to finance the project, or in absence of sales tax revenues, they agree to levy tax sufficient for repayment. Interest payments are scheduled semi-annually, and principal payments are scheduled annually. Both interest and principal payments began on August, 1, 2009.

KDHE loans

The City maintains a loan payable, secured by revenues derived from the operation of the sewer utility system payable to the Kansas Department of Health and Environment. Semi-annual payments of \$30,478 are scheduled. The loan carries an interest rate of 3.47%. Payments are made from the sewer fund.

In 2011, the City completed a project to improve the existing sewage system. The total project cost of 509,600 was financed with a loan from the Kansas Department of Health and Environment (KDHE). The loan with KDHE is funded partially with FFY 2010 federal funds and received principal forgiveness of \$76,440 in 2011 upon project completion. One semi-annual payment of \$16,343 was scheduled March 1, 2012 and thirty-nine semi-annual payments of \$13,825 beginning September 1, 2012 are scheduled. Payments are scheduled to be made from the sewer reserve fund. The loan carries an interest rate of 2.55%.

The City also carried a loan payable to the Kansas Department of Health and Environment for its water system improvements. These improvements were completed in 2006. Semi-annual payments of \$92,809.11 began in February 2006. In December 2007, the final loan agreement was received and carries semi-annual payments of \$78,515 for the remaining thirty-six payments. The loan carries an interest rate of 3.73% and payments are made from the water fund. On February 14, 2013, this loan was refinanced with general obligation bonds.

Lease Agreements

The city entered into a lease agreement for the purchase of a motor grader on June 22, 2010. Seven annual payments of \$27,625 are scheduled with a final payment of \$1. The first payment was made in June 2010. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments were made from the equipment reserve fund.

The city entered into a lease agreement for the purchase of a fire truck on February 9, 2015. Monthly payments of \$2,147 are scheduled for twelve years with a final payment of \$100. The first payment was made in February 2015. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments are being made from the equipment reserve fund.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 9 - LONG-TERM DEBT (CONT)

Changes in long term liabilities for the year ended December 31, 2014 were as follows:

	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Payable January 1	Additions	Reductions/ Payments	Balance Payable December 31	Interest Paid
General Obligation Bonds:									
Series 2001 Fire Station	3.9%-4.9%	2/1/2001	\$ 260,000	9/1/2015	\$ 50,000	\$ 0	\$ 25,000	\$ 25,000	\$ 2,437
Series 2012 Water Imp Bonds	.75%-3.75%	12/12/2012	885,000	7/1/2033	885,000	0	20,000	865,000	24,678
Series 2013 Water Imp Bds	.4%-2.75%	2/20/2013	1,645,000	8/1/2025	1,580,000	0	125,000	1,455,000	28,845
KDOT loan									
Washington Street Proj TR 0075	3.99%	5/12/2008	703,300	8/1/2027	547,440	0	31,660	515,780	21,843
KDHE loans									
KDHE Water Pollution Control									
Revolving Fund Revenues	3.47%	11/25/1996	878,230	9/1/2017	225,839	0	53,580	172,259	7,376
Revolving Fund Revenues	2.55%	7/1/2010	509,600	9/1/2031	397,125	0	17,635	379,490	10,015
Capital Leases:									
Motor grader	3.90%	6/22/2010	172,915	6/22/2016	76,810	0	24,630	52,180	2,995
Related Municipal Entity									
Public Building Commission Bonds	.5%-3.75%	11/20/2012	3,135,000	6/1/1933	<u>3,135,000</u>	<u>0</u>	<u>70,000</u>	<u>3,065,000</u>	<u>85,872</u>
Total long-term debt					<u>\$ 6,897,214</u>	<u>\$ 0</u>	<u>\$ 367,505</u>	<u>\$ 6,529,709</u>	<u>\$ 184,061</u>

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 9 - LONG-TERM DEBT (CONT)

Current maturities on long term debt and interest for the next five years and in five year increments through maturity are as follows:

	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2033	Total
Principal									
General Obligation Bonds:									
Series 2001 Fire Station	25,000	0	0	0	0	0	0	0	25,000
Series 2013 Water Bonds	125,000	130,000	130,000	130,000	135,000	710,000	95,000	0	1,455,000
Series 2012 Water Imp Bonds	35,000	35,000	35,000	35,000	40,000	205,000	245,000	235,000	865,000
Other loans									
Washington St Proj	32,923	34,237	35,603	37,023	38,501	216,809	120,684	0	515,780
KDHE Water Pollution	55,456	57,397	59,406	0	0	0	0	0	172,259
KDHE Water Pollution	18,087	18,551	19,028	19,516	20,017	108,058	122,653	53,580	379,490
Capital leases									
Motor grader	25,590	26,590	0	0	0	0	0	0	52,180
Fire truck	17,874	19,345	19,873	20,417	20,975	113,796	52,236	0	264,516
Related Municipal Entity									
Public Building Commission	<u>125,000</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>135,000</u>	<u>730,000</u>	<u>860,000</u>	<u>825,000</u>	<u>3,065,000</u>
Total Principal	<u>459,930</u>	<u>451,120</u>	<u>428,910</u>	<u>371,956</u>	<u>389,493</u>	<u>2,083,663</u>	<u>1,495,573</u>	<u>1,113,580</u>	<u>6,794,225</u>
Interest									
General Obligation Bonds:									
Series 2001 Fire Station	1,225	0	0	0	0	0	0	0	1,225
Series 2013 Water Bonds	28,095	27,095	25,795	24,170	22,220	68,267	2,613	0	198,255
Series 2012 Water Imp Bonds	12,302	24,340	23,902	23,465	22,851	101,863	70,138	22,688	301,549
Other loans									
KDOT-Washington St Proj	20,580	19,266	17,900	16,479	15,002	50,705	8,541	0	148,473
KDHE Water Pollution	5,500	3,559	1,550	0	0	0	0	0	10,609
KDHE Water Pollution	9,562	9,098	8,622	8,134	7,633	30,191	15,596	1,719	90,555
Capital leases									
Motor grader	2,035	1037	0	0	0	0	0	0	3,072
Fire truck	5,745	6,422	5,893	5,350	4,791	15,035	1,545	0	44,781
Related Municipal Entity									
Public Building Commission	<u>85,229</u>	<u>84,110</u>	<u>82,647</u>	<u>80,860</u>	<u>78,704</u>	<u>348,403</u>	<u>230,837</u>	<u>63,469</u>	<u>1,054,259</u>
Total Interest	<u>170,273</u>	<u>174,927</u>	<u>166,309</u>	<u>158,458</u>	<u>151,201</u>	<u>614,464</u>	<u>329,270</u>	<u>87,876</u>	<u>1,852,778</u>
Total Principal and Interest	<u>\$ 630,203</u>	<u>\$ 626,047</u>	<u>\$ 595,219</u>	<u>\$ 530,414</u>	<u>\$ 540,694</u>	<u>\$ 2,698,127</u>	<u>\$ 1,824,843</u>	<u>\$ 1,201,456</u>	<u>\$ 8,647,003</u>

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2014

NOTE 10 – PUBLIC BUILDING COMMISSION

The City created the Council Grove Public Building Commission (PBC) under K.S.A. 12-1757 during 2012 for the purpose of issuing debt for the constructing and equipping a swimming pool. The City council and mayor comprise the PBC board. Bonds were issued by the PBC in the amount of \$3,135,000.

The City entered into a lease with PBC to lease land to the PBC. The PBC issued bonds for the swimming pool project and subsequently leased the project to the city. Forty scheduled semiannual payments began on December 1, 2013. The bonds carry interest rates of .5% to 3.75% depending on the maturity date.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss including risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason the City joined together with other cities in the state to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 141 participating members.

The City pays an annual premium to KMIT for its worker's compensation insurance coverage. The City, along with other participating entities, contributes annual amounts as determined by KMIT management and underwriters. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and currently holds \$3,000,000 of excess insurance with a specific retention of \$750,000. A member is only responsible for additional contributions to the KMIT trust which relate to claims arising out of occurrences in years in which the City is a member of the trust. As claims arise, they are submitted to and paid by KMIT.

The City continues to carry commercial insurance for all other risks of loss including property and liability insurance. There were no significant reductions in insurance coverage from coverage in place in prior years.

NOTE 12 – UTILITY DEPOSITS

The city requires utility deposits for city water services. Deposits are kept indefinitely until service is disconnected. Interest is paid annually and is credited to the individual's account. Refunds of deposit and interest are from the water fund.

NOTE 13 – LITIGATION CONTINGENCIES

The city is a party to various claims, none of which is expected to have a material financial impact on the city.

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

The City of Council Grove
Morris County, Kansas

Schedule 1

Summary of Expenditures - Actual and Budget
Regulatory Basis
Budgeted Funds Only
For the Year Ended December 31, 2014

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	\$ 3,090,195		\$ 3,090,195	\$ 2,860,152	\$ (230,043)
Special Purpose Funds					
Industrial Development	15,811		15,811	15,189	(622)
Library	79,028		79,028	74,135	(4,893)
Library Benefits	32,025		32,025	32,072	47
Special Highway	178,182		178,182	72,858	(105,324)
Special Recreation	18,090		18,090	1,295	(16,795)
Employee Benefits	17,907		17,907	14,173	(3,734)
Highway Maintenance	92,552		92,552	182,139	89,587
Diversion	13,540		13,540	1,209	(12,331)
Bond & Interest Fund					
Bond and Interest Fund	32,438		32,438	27,437	(5,001)
Business Funds					
Water	811,920	0	811,920	718,737	(93,183)
Sewer	248,001		248,001	232,671	(15,330)
Refuse	142,000		142,000	143,454	1,454

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over Under
	Actual	Actual	Budget	(Under)
Receipts				
Taxes				
Morris County	\$ 659,384	\$ 744,843	\$ 732,650	\$ 12,193
City Sales taxes	616,709	662,272	610,000	52,272
Franchise taxes	127,908	141,154	118,000	23,154
Total Taxes	<u>1,404,001</u>	<u>1,548,269</u>	<u>1,460,650</u>	<u>87,619</u>
Intergovernmental Revenues				
LAVTR				0
Sales tax	152,756	154,572	153,000	1,572
Grants	25,000	0	0	0
Liquor tax	2,689	4,124	2,500	1,624
Total Intergovernmental	<u>180,445</u>	<u>158,696</u>	<u>155,500</u>	<u>3,196</u>
Miscellaneous				
Licenses and permits	54,203	51,138	45,000	6,138
Fines & forfeitures	20,965	19,564	15,000	4,564
Lake budget, transfer, and boundary fees	6,500	13,849	10,000	3,849
Reimbursed expenses-lake taxes	440,099	509,852	0	509,852
Reimbursed expenses	66,715	42,734	38,665	4,069
Pool concession, admissions and lessons	34,277	47,058	33,250	13,808
Recreation fees, donations, and concessions	21,360	24,053	28,000	(3,947)
Reimbursed expenses-payroll benefits	0	24,349	0	24,349
Sale of property	0	44,046	0	44,046
Miscellaneous	1,169	11,895	45,000	(33,105)
Total Miscellaneous	<u>645,288</u>	<u>788,538</u>	<u>214,915</u>	<u>573,623</u>
Use of Money and Property				
Interest	12,805	12,104	10,000	2,104
Hay crop	14,476	14,476	5,150	9,326
Fees for services	5,883	7,196	6,000	1,196
Rural fire contract	24,000	24,000	24,000	0
Cabin leases	417,200	349,350	0	349,350
Total Use of Money and Property	<u>474,364</u>	<u>407,126</u>	<u>45,150</u>	<u>361,976</u>
Operating Transfers				
Transfer from Sewer Fund	0	8,125	8,125	0
Transfer from Water Fund	0	8,125	8,125	0
Total Operating Transfers	<u>0</u>	<u>16,250</u>	<u>16,250</u>	<u>0</u>
Total Receipts	<u>\$ 2,704,098</u>	<u>\$ 2,918,879</u>	<u>\$ 1,892,465</u>	<u>\$ 1,026,414</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
	Actual	Actual	Budget	
Expenditures				
General Administration				
Personal services	\$ 132,419	\$ 150,500	\$ 141,500	\$ 9,000
Contractual	111,092	103,453	71,900	31,553
Commodities	7,825	10,096	12,550	(2,454)
Capital outlay	0	4,398	0	4,398
Total General Administration	251,336	268,447	225,950	42,497
Police Department				
Personal services	235,137	254,231	254,000	231
Contractual	43,659	39,961	47,100	(7,139)
Commodities	19,018	25,243	34,350	(9,107)
Capital outlay	0	0	5,000	(5,000)
Total Police Department	297,814	319,435	340,450	(21,015)
Street Department				
Personal services	152,061	128,977	140,500	(11,523)
Contractual	34,719	48,405	37,600	10,805
Commodities	60,191	52,002	67,800	(15,798)
Capital outlay	0	10,585	53,500	(42,915)
Total Street Department	246,971	239,969	299,400	(59,431)
Swimming Pool				
Personal services	57,446	73,232	65,600	7,632
Contractual	28,386	32,716	19,500	13,216
Commodities	32,675	30,134	15,700	14,434
Capital outlay	0	0	0	0
Total Swimming Pool	118,507	136,082	100,800	35,282
City Parks				
Personal services	27,211	32,131	41,375	(9,244)
Contractual	23,252	26,948	17,300	9,648
Commodities	4,191	6,122	6,700	(578)
Capital outlay	0	396	3,500	(3,104)
Total City Parks	\$ 54,654	\$ 65,597	\$ 68,875	\$ (3,278)

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cemetery Care				
Personal services	\$ 22,682	\$ 17,593	\$ 22,000	\$ (4,407)
Contractual	2,298	21,205	20,000	1,205
Commodities	1,538	7,944	2,000	5,944
Capital outlay	0	0	0	0
Total Cemetery Care	<u>26,518</u>	<u>46,742</u>	<u>44,000</u>	<u>2,742</u>
City Fire				
Personal services	13,710	12,451	18,000	(5,549)
Contractual	10,771	16,569	13,500	3,069
Commodities	6,093	5,849	9,100	(3,251)
Capital outlay	0	0	4,500	(4,500)
Total City Fire	<u>30,574</u>	<u>34,869</u>	<u>45,100</u>	<u>(10,231)</u>
Rural Fire				
Personal services	5,609	10,850	10,000	850
Contractual	10,749	14,188	11,600	2,588
Commodities	5,676	5,629	5,500	129
Capital outlay	0	0	3,000	(3,000)
Total Rural Fire	<u>22,034</u>	<u>30,667</u>	<u>30,100</u>	<u>567</u>
Municipal Court				
Personal services	14,288	13,682	17,270	(3,588)
Contractual	6,845	5,520	13,000	(7,480)
Commodities	0	0	500	(500)
Capital outlay	0	0	1,000	(1,000)
Total Municipal Court	<u>21,133</u>	<u>19,202</u>	<u>31,770</u>	<u>(12,568)</u>
Recreation				
Personal services	68,648	74,434	77,000	(2,566)
Contractual	15,807	18,818	20,025	(1,207)
Commodities	27,947	26,899	41,300	(14,401)
Capital outlay	10,368	13,906	34,410	(20,504)
Total Recreation Department	<u>\$ 122,770</u>	<u>\$ 134,057</u>	<u>\$ 172,735</u>	<u>\$ (38,678)</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
City Lake				
Personal services				
Personal services-wages	\$ 78,074	\$ 76,547	\$ 74,500	\$ 2,047
Contractual				
Real estate taxes-cabins, commons areas and caretakers cabin	459,279	464,960		464,960
Other contractual	24,703	34,694	72,855	(38,161)
Commodities				
Reimbursed mileage	10,413	10,307	0	10,307
Other commodities	10,059	4,921	30,700	(25,779)
Capital outlay	0	7,960	4,000	3,960
Transfer to CIP	38,390	42,180	42,180	0
Transfer to equipment reserve	27,623	28,007	41,500	(13,493)
Total City Lake	<u>648,541</u>	<u>669,576</u>	<u>265,735</u>	<u>403,841</u>
Employee Benefits				
Social security and medicare	59,860	63,269	65,000	(1,731)
Health & dental	99,729	148,714	180,000	(31,286)
Unemployment & work comp	15,069	19,266	48,000	(28,734)
KPERs	55,011	62,842	50,000	12,842
Total Employee Benefits	<u>229,669</u>	<u>294,091</u>	<u>343,000</u>	<u>329,927</u>
Street Lighting	50,436	55,718	52,000	3,718
Infrastructure - sales tax disbursed	6,709	122,797	300,203	(177,406)
Infrastructure - Washington Street payment	53,503	53,503	53,503	0
Promotions/enhancement grants	54,864	93,032	167,921	(74,889)
City .7 sales tax uses	0	9,976	184,105	(174,129)
Intake debt payments	21,620	44,678	50,000	(5,322)
PBC pool lease payments	29,430	140,714	203,548	(62,834)
Transfers to other funds (except lake above)	81,000	81,000	111,000	(30,000)
Total Expenditures	<u>2,368,083</u>	<u>2,860,152</u>	<u>3,090,195</u>	<u>(230,043)</u>
Receipts Over (Under) Expenditures	336,015	58,727	<u>\$ (1,197,730)</u>	<u>\$ 1,256,457</u>
Unencumbered Cash, January 1	<u>1,063,319</u>	<u>1,399,334</u>		
Unencumbered Cash, December 31	<u>\$ 1,399,334</u>	<u>\$ 1,458,061</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2B

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

INDUSTRIAL DEVELOPMENT

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 14,817	\$ 15,189	\$ 14,631	558
Expenditures				
Industrial Development	<u>14,469</u>	<u>15,189</u>	<u>15,811</u>	<u>(622)</u>
Receipts Over (Under) Expenditures	348	0	<u>\$ (1,180)</u>	<u>\$ 1,180</u>
Unencumbered Cash, January 1	<u>1,180</u>	<u>1,528</u>		
Unencumbered Cash, December 31	<u>\$ 1,528</u>	<u>\$ 1,528</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2C

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

LIBRARY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 74,067	\$ 75,952	\$ 73,153	\$ 2,799
Expenditures				
Library appropriation	<u>72,340</u>	<u>74,135</u>	<u>79,028</u>	<u>(4,893)</u>
Receipts Over (Under) Expenditures	1,727	1,817	<u>\$ (5,875)</u>	<u>\$ 7,692</u>
Unencumbered Cash, January 1	<u>5,875</u>	<u>7,602</u>		
Unencumbered Cash, December 31	<u>\$ 7,602</u>	<u>\$ 9,419</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2D

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

LIBRARY BENEFITS

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 27,295	\$ 32,799	\$ 32,025	\$ 774
Expenditures				
Library appropriation	<u>27,295</u>	<u>32,072</u>	<u>32,025</u>	<u>47</u>
Receipts Over (Under) Expenditures	0	727	<u>\$ 0</u>	<u>\$ 727</u>
Unencumbered Cash, January 1	<u>0</u>	<u>0</u>		
Unencumbered Cash, December 31	<u>\$ 0</u>	<u>\$ 727</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2E

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

SPECIAL HIGHWAY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas	\$ 54,537	\$ 55,302	\$ 56,500	\$ (1,198)
Expenditures				
Street repairs and improvements	<u>32,621</u>	<u>72,858</u>	<u>178,182</u>	<u>(105,324)</u>
Receipts Over (Under) Expenditures	21,916	(17,556)	<u>\$ (121,682)</u>	<u>\$ 104,126</u>
Unencumbered Cash, January 1	<u>87,132</u>	<u>109,048</u>		
Unencumbered Cash, December 31	<u>\$ 109,048</u>	<u>\$ 91,492</u>		

The City of Council Grove
Morris County, Kansas

Schedule 2F

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

SPECIAL RECREATION

	Prior Year Actual	Current Year		Variance Over (Under)
	Actual	Actual	Budget	
Receipts				
Liquor tax	\$ 2,689	\$ 4,124	\$ 2,500	\$ 1,624
Other	0	1,000	0	1,000
Total Receipts	2,689	5,124	2,500	2,624
Expenditures				
Parks & recreation	14,918	1,295	18,090	(16,795)
Adjustment for qualifying budget credits	0	0	0	0
Total Expenditures	14,918	1,295	18,090	(16,795)
Receipts Over (Under) Expenditures	(12,229)	3,829	<u>\$ (15,590)</u>	<u>\$ 19,419</u>
Unencumbered Cash, January 1	18,590	6,361		
Unencumbered Cash, December 31	<u>\$ 6,361</u>	<u>\$ 10,190</u>		

The City of Council Grove
Morris County, Kansas

Schedule 2G

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

EMPLOYEE BENEFITS

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 36,597	\$ 12,060	\$ 5,000	\$ 7,060
Reimbursed expense	0	0	0	0
Transfers In	0	0	0	0
Total Receipts	<u>36,597</u>	<u>12,060</u>	<u>5,000</u>	<u>7,060</u>
Expenditures				
Social Security	0	0	0	0
Health & dental	49,341	14,173	17,907	(3,734)
Unemployment	0	0	0	0
KPERS	0	0	0	0
Workers compensation	0	0	0	0
Firemen's relief	1,254	0	0	0
Adjustment for budget credit	0	0	0	0
Total Expenditures	<u>50,595</u>	<u>14,173</u>	<u>17,907</u>	<u>(3,734)</u>
Receipts Over (Under) Expenditures	(13,998)	(2,113)	<u>\$ (12,907)</u>	<u>\$ 10,794</u>
Unencumbered Cash, January 1	<u>35,867</u>	<u>21,869</u>		
Unencumbered Cash, December 31	<u>\$ 21,869</u>	<u>\$ 19,756</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2H

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

HIGHWAY MAINTENANCE

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas	\$ 21,525	\$ 21,540	\$ 21,540	\$ 0
Expenditures				
Street improvements	0	182,139	92,552	89,587
Adjustments for qualifying budget credits	0	0	0	0
Total expenditures	0	182,139	92,552	89,587
Receipts Over (Under) Expenditures	21,525	(160,599)	\$ (71,012)	\$ (89,587)
Unencumbered Cash, January 1	49,472	70,997		
Unencumbered Cash, December 31	\$ 70,997	\$ (89,602)		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 21

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

DIVERSION

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Diversion fees	\$ 950	\$ 1,175	\$ 2,000	\$ (825)
Expenditures				
Commodities	<u>0</u>	<u>1,209</u>	<u>13,540</u>	<u>(12,331)</u>
Receipts Over (Under) Expenditures	950	(34)	<u>\$ (11,540)</u>	<u>\$ 11,506</u>
Unencumbered Cash, January 1	<u>6,540</u>	<u>7,490</u>		
Unencumbered Cash, December 31	<u>\$ 7,490</u>	<u>\$ 7,456</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2J

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

EQUIPMENT RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 112,123	\$ 112,507
Other receipts	0	0
Grants	0	0
Total Receipts	112,123	112,507
Expenditures		
Equipment	75,462	98,940
Receipts Over (Under) Expenditures	36,661	13,567
Unencumbered Cash, January 1	184,627	221,288
Unencumbered Cash, December 31	\$ 221,288	\$ 234,855

The City of Council Grove
Morris County, Kansas

Schedule 2K

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

COMPUTER TECH & EQUIPMENT FUND

	Prior Year Actual	Current Year Actual
Receipts		
Transfer from refuse	\$ 5,395	\$ 5,387
Expenditures		
Equipment	<u>1,840</u>	<u>9,475</u>
Receipts Over (Under) Expenditures	3,555	(4,088)
Unencumbered Cash, January 1	<u>31,217</u>	<u>34,772</u>
Unencumbered Cash, December 31	<u>\$ 34,772</u>	<u>\$ 30,684</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2L

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

CAPITAL IMPROVEMENT RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Other receipts	\$ 306	\$ 0
Reimbursed expenses	0	21,484
Loan proceeds	0	0
Transfers in	88,390	92,180
Total Receipts	88,696	113,664
Expenditures		
Capital Improvements	18,710	34,142
Receipts Over (Under) Expenditures	69,986	79,522
Unencumbered Cash, January 1	263,831	333,817
Unencumbered Cash, December 31	\$ 333,817	\$ 413,339

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2M

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

BOND & INTEREST

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Morris County	\$ 26,498	\$ 28,627	\$ 27,663	\$ 964
Expenditures				
Principal	20,000	25,000	25,000	0
Interest	3,398	2,437	2,438	(1)
Cash basis reserve	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>(5,000)</u>
Total Expenditures	<u>23,398</u>	<u>27,437</u>	<u>32,438</u>	<u>(5,001)</u>
Receipts Over (Under) Expenditures	3,100	1,190	<u>\$ (4,775)</u>	<u>\$ 5,965</u>
Unencumbered Cash, January 1	<u>3,032</u>	<u>6,132</u>		
Unencumbered Cash, December 31	<u>\$ 6,132</u>	<u>\$ 7,322</u>		

The City of Council Grove
Morris County, Kansas

Schedule 2N

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

CAPITAL PROJECTS FUND

	Prior Year Actual	Current Year Actual
Receipts		
Public Building Commission Bonds	\$ 0	\$ 0
Intake Project Bonds-Issuance Costs	0	0
Intake Project Bonds-Project Costs	0	0
Donations	134,124	33,489
Total Receipts	134,124	33,489
Expenditures		
Pool project	69,544	14,187
Pool project-excess to p&I	124,825	0
Intake project	691,242	0
Other projects	0	33,489
Total Expenditures	885,611	47,676
Receipts Over (Under) Expenditures	(751,487)	(14,187)
Unencumbered Cash, January 1	837,494	86,007
Unencumbered Cash, December 31	\$ 86,007	\$ 71,820

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 20

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

WATER UTILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for services	\$ 689,006	\$ 666,607	\$ 760,000	\$ (93,393)
Connection/treatment fees	3,790	3,298	7,500	(4,202)
Penalties	7,362	7,068	8,300	(1,232)
Security deposits	11,745	9,420	6,500	2,920
Reimbursed expenses	16,296	20,851	0	20,851
Water bond proceeds	1,645,000	0	0	0
Total Receipts	2,373,199	707,244	782,300	(75,056)
Expenditures				
Production				
Personal services	96,865	93,715	117,550	(23,835)
Contractual services	99,518	99,758	99,600	158
Commodities	70,196	55,439	56,700	(1,261)
Capital outlay	0	0	7,000	(7,000)
Total Production	266,579	248,912	280,850	31,938
Distribution				
Personal services	133,723	116,259	117,200	(941)
Contractual services	8,298	13,372	55,450	(42,078)
Commodities	31,435	41,725	37,300	4,425
Capital outlay	15,722	6,138	18,000	(11,862)
Total Distribution	\$ 189,178	\$ 177,494	\$ 227,950	\$ 50,456

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 20

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

WATER UTILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
General and administrative				
Personal services	\$ 34,176	\$ 34,224	\$ 37,150	\$ (2,926)
Contractual services	10,742	21,138	20,900	238
Commodities	830	2,002	3,100	(1,098)
Capital outlay	0	0	8,500	(8,500)
Other	13,296	14,497	13,000	1,497
Total General and administrative	59,044	71,861	82,650	10,789
Debt service	1,720,769	153,845	153,845	0
Bond issuance costs	80,169	0	0	0
Adjustments for qualifying budget credits	0	0	0	0
Transfers out	58,500	66,625	66,625	0
Total Expenditures	2,374,239	718,737	811,920	(93,183)
Receipts Over (Under) Expenditures	(1,040)	(11,493)	\$ (29,620)	\$ 18,127
Unencumbered Cash, January 1	539,801	538,761		
Unencumbered Cash, December 31	\$ 538,761	\$ 527,268		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2P

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

WATER MAINTENANCE RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Water plant loan proceeds	\$ 0	\$ 0
Transfer from water	<u>15,000</u>	<u>15,000</u>
Total Receipts	15,000	15,000
Expenditures		
Water system maintenance	0	13,070
Water plant improvements	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>13,070</u>
Receipts Over (Under) Expenditures	15,000	1,930
Unencumbered Cash, January 1	<u>173,842</u>	<u>188,842</u>
Unencumbered Cash, December 31	<u>\$ 188,842</u>	<u>\$ 190,772</u>

The City of Council Grove
Morris County, Kansas

Schedule 2Q

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

WATER BOND RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Water bonds issued	\$ 88,500	\$ 0
Transfer from water	<u>0</u>	<u>0</u>
Total Receipts	88,500	0
Expenditures		
Water system bonds	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	88,500	0
Unencumbered Cash, January 1	<u>0</u>	<u>88,500</u>
Unencumbered Cash, December 31	<u>\$ 88,500</u>	<u>\$ 88,500</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2R

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

SEWER UTILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for services	\$ 229,971	\$ 231,652	\$ 240,000	\$ (8,348)
Special assessments	0	0	0	0
Other	0	0	0	0
Total Receipts	<u>229,971</u>	<u>231,652</u>	<u>240,000</u>	<u>(8,348)</u>
Expenditures				
Personal services	51,841	59,655	59,020	635
Contractual services	10,961	15,738	31,950	(16,212)
Commodities	11,222	28,771	21,300	7,471
Capital outlay	0	1,776	9,000	(7,224)
Principal & interest	60,956	88,606	88,606	0
Transfers out	<u>30,000</u>	<u>38,125</u>	<u>38,125</u>	<u>0</u>
Total Expenditures	<u>164,980</u>	<u>232,671</u>	<u>248,001</u>	<u>(15,330)</u>
Receipts Over (Under) Expenditures	64,991	(1,019)	<u>\$ (8,001)</u>	<u>\$ 6,982</u>
Unencumbered Cash, January 1	<u>246,135</u>	<u>311,126</u>		
Unencumbered Cash, December 31	<u>\$ 311,126</u>	<u>\$ 310,107</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2S

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

SEWER RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Transfer from sewer	\$ 20,000	\$ 20,000
Sewer loan	<u>0</u>	<u>0</u>
Total Receipts	20,000	20,000
Expenditures		
Sewer system maintenance	<u>27,650</u>	<u>9,350</u>
Receipts Over (Under) Expenditures	(7,650)	10,650
Unencumbered Cash, January 1	<u>143,361</u>	<u>135,711</u>
Unencumbered Cash, December 31	<u>\$ 135,711</u>	<u>\$ 146,361</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2T

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014
(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

REFUSE UTILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for services	\$ 141,166	\$ 143,042	\$ 142,000	\$ 1,042
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	141,166	143,042	142,000	1,042
Expenditures				
Contractual services	136,153	138,067	142,000	(3,933)
Transfer to computer/equip fund	<u>5,395</u>	<u>5,387</u>	<u>0</u>	<u>5,387</u>
Total Expenditures	<u>141,548</u>	<u>143,454</u>	<u>142,000</u>	<u>1,454</u>
Receipts Over (Under) Expenditures	(382)	(412)	<u>\$ 0</u>	<u>\$ (412)</u>
Unencumbered Cash, January 1	<u>5,467</u>	<u>5,085</u>		
Unencumbered Cash, December 31	<u>\$ 5,085</u>	<u>\$ 4,673</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2U

Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2014

TRUST FUND

	<u>Cemetery Endowment</u>
Receipts	
Lots and care	\$ 3,000
Expenditures	
Cemetery care	<u>0</u>
Receipts Over (Under) Expenditures	3,000
Unencumbered Cash, January 1	<u>85,895</u>
Unencumbered Cash, December 31	<u><u>\$ 88,895</u></u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 3

AGENCY FUNDS
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Performance Bond	\$ 1,913	\$ 0	\$ 0	\$ 1,913
Total	<u>\$ 1,913</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,913</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 4

Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2014

Related Municipal Entity

PUBLIC BUILDING COMMISSION

	Pool P&I reserve	Cost of Issuance	Pool Bond Reserve Account	PBC Total
Receipts				
Lease payments from city	\$ 101,474	\$ 0	\$ 39,240	\$ 140,714
Pool project remaining funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	101,474	0	39,240	140,714
Expenditures				
Pool principal and interest	155,872	0	0	155,872
Transfers to P&I	0	0	0	0
Costs of Issuance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>155,872</u>	<u>0</u>	<u>0</u>	<u>155,872</u>
Receipts Over (Under) Expenditures	(54,398)	0	39,240	(15,158)
Unencumbered Cash, January 1	<u>54,398</u>	<u>0</u>	<u>264,555</u>	<u>318,953</u>
Unencumbered Cash, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 303,795</u></u>	<u><u>\$ 303,795</u></u>

See Accompanying Auditors' Report.